

# SIPs and SEPs and the Opportunities for Green Power

8<sup>th</sup> Annual Green Power Marketing Conference November 4, 2003

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## Overview



- What are states facing
- Addressing RE in SIPs, SEPs
- Common issues
- State actions
- EPA products
- Conclusion

### What are states facing?

- States develop air quality plans (SIPs) for criteria air pollutants
  - Impact to air quality from the production of energy (through fossil fuel)
  - **♦ New air quality standards**
- Multiple emissions programs
- Enforcement actions
- "Low hanging fruit" picked
  - **◆ EPA guidance, tools**

## What must state officials consider?

- Emissions reductions that are:
  - ◆ Quantifiable
  - **♦ Surplus**
  - **◆ Enforceable**
  - ◆ Permanent
  - **◆** Geographically relevant

## How can states currently address RE in SIPs?

- Under cap & trade
  - ◆ As part of a set-aside (Set-aside guidance)
- Outside a cap & trade (two options)
  - ◆ As part of emission baseline/projections (Emission projections guidance)
  - As an emission reduction measure (Voluntary stationary measures policy)



## How can states currently address RE in SIPs?

- Set-aside guidance
  - ◆ A pool of allowances that comes from within a state's NOx trading program budget
- Emissions baseline/projections guidance
  - Adjust baseline/projections
- Voluntary measures policy
  - ◆ May use up to 3% of the reductions needed
  - ♦ Must be consistent with SIP requirements



## How can states currently address RE in a SEP?

- Supplemental Environmental Project
  - ♦ Not DOE State Energy Program
- Can be part of an environmental enforcement settlement process
  - Entering into a SEP is voluntary upon the violator
  - Once part of settlement, required to be performed
  - ◆ The project would not otherwise be required to be performed
- States & local governments not bound by EPA SEP policy
  - unless state elects to use it or if EPA is a party of the settlement

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#### Common Issues



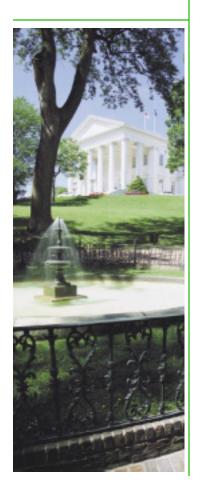
- What would constitute a reduction? (Baseline)
  - Growth assumptions, penetration rates, other
- Programs/policies
  - Renewable portfolio standards, system benefit charge, financial incentive programs
- Quantification, M&V
  - modeling, protocols
- Mechanism
  - ◆ Cap (baseline/projection, set-aside, output based)
  - Outside cap (baseline/projection, "ER measure")

### **State Actions - SIPs**



- Six states developed/developing EE/RE set-aside
  - ♦ IN, OH, MD, MA, NY, NJ
  - ♦ Sizes range from 410 to 1,241 tons of NOx
- Western States Regional Haze SIPs
  - **◆ 10/20 Goals**
  - ◆ Pollution Prevention Forum RE/EE Analysis
  - ◆ RE/EE Policies
- Washington Ozone SIP





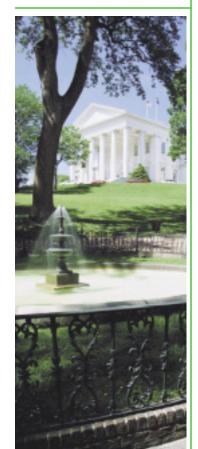
#### **State Actions - SEPs**

- Renewable Energy
  - State of Maryland Solar power (photovoltaic) \$75,000
  - Utility installed PV installation at three public buildings
- Energy Efficiency

State of Colorado - EE - \$55,400

- Manufacturer performed an EE assessment at its facility and installed motion light detectors and energy efficient lights
- Alternative Fuels
  - State of New Jersey and EPA Truck stop electrification \$1 million
  - ♦ An oil refinery partially funded the installation of electrical hookups to eliminate diesel emissions from idling trucks

#### **EE/RE Set-Aside Products**



Guidance for establishing set-aside program

- Report
  - summarizes state programs
  - summarizes EPA guidance
- M&V document
- Products out Winter 2004

#### **EPA SEP Toolkit**



 Toolkit designed for State & Locals use of SEPs, focusing on EE/RE SEPs.

- Contents
  - Introductory Information
  - ♦ Why EE/RE Projects are good SEP Projects
  - ♦ Examples & Project Ideas
  - ◆ 9 Basic Steps to make SEPs routine
  - Barriers and Solutions
  - **♦** Resources & SEP Peer Exchange
- Toolkit availability Winter 2004

### **SIP Credit Policy**



- Provide guidance on quantifying reductions from EE/RE measures
- Discuss issues with determining reductions from EE/RE for SIP purposes
- Framework for incorporating into SIPs
- Provide examples
- Projects vs. Programs/Policies
- Draft available Winter 2004

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### Conclusion



- There are opportunities, not easy
- Range of efforts that are helpful
- EPA is interested in helping
  - **♦ Technical/policy/outreach/education**
  - ◆ OAR OAP/OAQPS/OPAR/Regions
  - ◆ Collaboration w/ NREL

#### **Contact Information**



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